



PO Box 2703
Rocky Mount NC 27802
252-442-8888 • www.freedomfcu.com

April 2, 2009

The Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Comments on Advanced Notice of Proposed Rulemaking for Part 704

Sent via email to: regcomments@ncua.gov

Chairman Fryzel, Vice Chairman Hood and Board Member Hyland:

On behalf of our members, Freedom Federal Credit Union thanks you for the opportunity to comment on the ANPR related to Corporate Credit Unions. Freedom is a natural person credit union located in Rocky Mount, North Carolina.

For a NPCU, the task of commenting on this ANPR is somewhat daunting. The issues are complex and largely outside of our daily context. Intelligent responses require considerable understanding of these issues. While supplementing our CCU experience with the opinions and thoughts of respected colleagues, we read the divergent ANPR responses of several CCUs and NPCUs. As we began to formulate and compose our own positions, we found that it was really unnecessary to do so. Our position on most of the ANPR areas of inquiry is nearly in lock step with those submitted to you on March 30, 2009 by the highly regarded First Carolina Corporate Credit Union, a copy of which is attached hereto.

In particular, we would like to emphasize the following points:

CCU Network Structure and FOMs

- We believe that the normal functioning of the NCPC market should be allowed to determine the “correct” number of CCUs ... (a) uniform capital standards for all CCUs and (b) requiring NPCUs to hold capital positions in every CCU with whom they chose to do business will naturally reign in the risks associated with national FOMs ... a CCU should be permitted to pursue a national FOM provided it proves itself to be a superior performer as opposed to a superior marketer and risk taker.
- To the extent that a wholesale CCU can justify its existence by facilitating efficiencies rather than duplicating infrastructures, industry capital requirements, etc. it is an asset to the CCU network.



PO Box 2703
Rocky Mount NC 27802
252-442-8888 • www.freedomfcu.com

- The FOM for any wholesale CCU should be retail CCUs and possibly organizations of NPCUs, CUSOs, etc. only ... retail CCUs should provide service to NPCUs (on this point, we may deviate from First Carolina Corporate Credit Union).

Liquidity / Settlement & Funds Transfer Activities / Other Services

- Provision of short-term liquidity vehicles in concert with settlement / funds transfer services is a “natural fit” ... CCUs should be allowed to continue providing both.
- An adequately capitalized CCU should be permitted to provide “non-core” services as demanded and supported by its members.

Corporate Governance

- A non-compensated Board elected from a CCU’s membership (both retail and wholesale) is appropriate.
- Executive compensation, compensation policies, transparency issues, etc. are matters to be addressed and resolved by CCU management and Boards ... and CCU Boards and their members.